

## Article 5.

### Transfer of Ownership Interests; Withdrawal.

#### **§ 57D-5-01. Nature of ownership interest.**

An ownership interest is personal property. (2013-157, s. 2.)

#### **§ 57D-5-02. Transfer of economic interests.**

An economic interest is transferable in whole or in part. The transfer of an economic interest or portion thereof does not entitle the transferee to become or exercise any rights of a member other than to receive the economic interest or the portion thereof assigned to the transferee. (2013-157, s. 2.)

#### **§ 57D-5-03. Rights of judgment creditor.**

(a) On application to a court of competent jurisdiction by any judgment creditor of an interest owner, the court may charge the economic interest of an interest owner with the payment of the unsatisfied amount of the judgment with interest. To the extent so charged, the judgment creditor has only the right to receive the distributions that otherwise would be paid to the interest owner with respect to the economic interest.

(b) A charging order is a lien on the judgment debtor's economic interest to the extent provided in this section from the time that such charging order is served upon the LLC in accordance with Rule 4(j)(8) of the Rules of Civil Procedure. If more than one charging order is properly served upon the LLC with respect to an economic interest, the liens shall have priority in the order in which the charging orders were served, except that a charging order in favor of a judgment creditor that has previously delivered to the LLC garnishment process relating to an economic interest pursuant to G.S. 1-440.25 shall relate back to the date of service of the garnishment process.

(c) This Chapter does not deprive any interest owner of a right, including any benefit of any exemption law applicable to the interest owner's ownership interest.

(d) The entry of a charging order is the exclusive remedy by which a judgment creditor of an interest owner may satisfy the judgment from or with the judgment debtor's ownership interest. (2013-157, s. 2.)

#### **§ 57D-5-04. Certain rights and liabilities of economic interest owners and transferors of ownership interests.**

(a) An economic interest owner may become a member only with that person's approval and through any of the following:

- (1) As provided in the operating agreement.
- (2) By the approval of the members as provided in G.S. 57D-3-03(2).
- (3) In the manner permitted under G.S. 57D-6-01(3) if the LLC ceases to have any members.

(b) Except as provided in the following sentence of this subsection, a transferee of an ownership interest or portion thereof who is or becomes a member has to the extent transferred to the transferee (i) the rights and powers and is subject to the restrictions and liabilities of a member under the operating agreement and this Chapter with respect to the transferred ownership interest and (ii) is liable for any obligations of the transferor to make contributions under G.S. 57D-4-02

with respect to the transferred ownership interest. A transferee of an ownership interest or portion thereof is not liable for obligations of the transferor under G.S. 57D-4-06 or obligations that are unknown to the transferee at the time the transferee became a member.

(c) Whether or not a transferee of an ownership interest or portion thereof is or becomes a member, (i) the transferor is not released from liability that the transferor may have under G.S. 57D-4-02, G.S. 57D-4-06, or under the operating agreement and (ii) the transferee takes the ownership interest subject to those liabilities. (2013-157, s. 2.)

**§ 57D-5-05. No right to voluntarily withdraw capital or terminate obligations.**

Except as otherwise required by this Chapter or other applicable law, an interest owner may not (i) withdraw or compel the company to purchase or otherwise liquidate all or any portion of the equity owner's capital interest or (ii) extinguish, abandon, or otherwise diminish the interest owner's obligations in respect of the interest owner's ownership interest. (2013-157, s. 2.)